

## SECTION V - SUPPLEMENTAL INFORMATION

### **RULE 54. RESERVED FOR FUTURE USE**

### **RULE 55. PRE-INSURANCE INSPECTION PROGRAM**

General Laws Chapter 175, section 113S, and the implementing regulations, 211 CMR 94.00, require the pre-insurance inspection of private passenger motor vehicles. The following is a summary of the requirements of the regulation.

#### **Eligibility**

Unless specifically exempted or waived, all private passenger motor vehicles and pick-ups or vans having a gross vehicle weight up to 16,000 pounds are required to be inspected by an insurer prior to the issuance of physical damage coverages by the insurer. An insurer's decision to waive or not to waive an inspection pursuant to 211 CMR 94.00, shall not be based on the age, race, sex, marital status, creed, national origin, religion, occupation, income, education, credit information, or homeownership of the applicant or the customary operators of the vehicle, the principal place of garaging, or the fact that the policy has been assigned to the insurer through the Massachusetts Automobile Insurance Plan.

#### **Exemptions to Inspection Requirement**

An inspection shall not be required if:

1. The motor vehicle is a new, unused motor vehicle from a franchised automobile dealership where the insurer is provided with either: a copy of the bill of sale which contains a full description of the motor vehicle, including all options and accessories; or a copy of the Registration and Title Application (RTA) provided by the Registry of Motor Vehicles, which establishes the transfer of ownership from the dealer to the customer and a copy of the window sticker or the dealer invoice showing the itemized options and equipment in addition to the total retail price of the vehicle.
2. The inspection is waived by the insurer.
3. Any private passenger motor vehicle not owned by the applicant, which is used by the applicant, with the permission of the owner, is a temporary substitute due to breakdown, repair, servicing, loss or destruction of the applicant's own motor vehicle.
4. The motor vehicle is leased less than six months, provided the insurer receives the lease or rental agreement containing a description of the leased motor vehicle, including its condition.
5. The inspection would cause a serious hardship to the insurer or the applicant.
6. The insurer has no inspection facility or authorized representative either in the city or town in which the motor vehicle is principally garaged or within five miles of said city or town.

An insurer may require an inspection of a motor vehicle otherwise exempt pursuant to 211 CMR 94.05(1) provided that the decision to inspect such motor vehicle is based on underwriting criteria uniformly applied, and such decision is reasonable and supported by objective facts. The decision to require such inspection shall not be based on the age, race, sex, marital status, creed, national origin, religion, occupation, income, education, credit information or homeownership of the applicant or the customary operators of the motor vehicle, the principal place where the motor vehicle is garaged, or the fact that the policy has been issued through the Massachusetts Automobile Insurance Plan.

An insurer shall maintain a written record of its reasons for requiring an inspection in situations that are otherwise exempt in the applicant's policy record.

#### **Waiver of Inspection**

An inspection may be waived if:

1. The motor vehicle is ten or more years older than the current calendar year.

Example: For policies issued or renewed during calendar year 2010, inspection of all 2000 and older model year vehicles may be waived.

2. A non-owned vehicle is insured under a policy providing physical damage coverage issued by an insurer which has inspected such motor vehicle in accordance with the provisions of this regulation.
3. An individual applicant's coverage is submitted for assignment and the producer provides the new insurer with a copy of the inspection report completed on behalf of the previous insurer, documenting that the insured vehicle was physically inspected by the previous insurer. However, if the new insurer does not receive a copy of the inspection report sixty days prior to the first renewal date, the insurer shall require an inspection prior to the renewal policy effective date.
4. The motor vehicle is insured for physical damage on the applicant's expiring Massachusetts Automobile Insurance Policy provided there is no lapse in coverage, or when a copy of a prior inspection is provided.
5. The applicant has been a customer of the producer for at least three years under a Massachusetts Automobile insurance Policy which included physical damage coverage.
6. The applicant is assigned to an insurer and qualifies for a waiver in accordance with any waiver provisions for its voluntary business filed by the insurer with the Division of insurance at the time of the assignment.

An insurer shall maintain a written record of its reasons for not waiving an inspection in situations where it is permitted in the applicant's policy record.

### **Deferral of Inspection**

An insurer may defer an inspection for ten calendar days (not including legal holidays and Sundays) following the effective date of coverage if an inspection at the time of the request for coverage would create a serious inconvenience for the applicant.

If an insurer, pursuant to Rule 27 of the MAIP Rules of Operation, is required to provide physical damage coverage at the option of the applicant, it shall provide physical damage coverage as requested by the applicant, and may defer the inspection for ten calendar days (not including legal holidays and Sundays).

### **Inspection Procedures**

Inspections required or permitted shall be made by a designated authorized representative of the insurer at a time and place reasonably convenient to the applicant.

The insurer must retain the original report and photographs for three years except as provided by the Regulation.

The insurer shall maintain an up-to-date list of all its authorized representatives and inspection sites.

## **RULE 56. MERIT RATING PLAN**

### **Driving Record/Experience Period**

Each listed operator on a policy is assigned a merit rate adjustment based on the operator's driving record. The merit rate adjustment is a percentage multiplied by the otherwise applicable premium to reflect the number, type, and age of at fault accidents and traffic violations of the rated operator during the policy experience period.

The policy experience period is the six years immediately preceding the effective date of the policy. At fault accidents or traffic violations that occurred more than five years prior to the policy effective date are not considered in the determination of the merit rate adjustment.

The Merit Rating Board will compute and report to the Insurer the merit rating code of each operator. The merit rating code will reflect the total number of at-fault accidents or violation points incurred during the six years preceding the policy effective date for each operator.

### Operators New to Massachusetts

If an application for insurance indicates that an operator new to Massachusetts was licensed outside of Massachusetts within the last six years or such operator is being added to an existing policy, the operator's policy experience period will begin as of the effective date of that policy until the insurer receives confirmation of the operator's merit rating information.

If an operator's Motor Vehicle Report (MVR) is electronically available, the insurer will be responsible for obtaining it from the state or country where the operator was licensed. Driving history on MVRs obtained from more than one state or country must be combined by the insurer and considered as one report. An acceptable MVR must have three years or more driving history, unless the operator has been licensed less than three years. If there are no motor vehicle violations or at-fault accidents shown on the MVR, the insurer must submit a policy inquiry to the Merit Rating Board in compliance with its Administrative Procedures. An operator's MVR with motor vehicle violations or at-fault accidents must be submitted to the Merit Rating Board. The Merit Rating Board will determine the operator's merit rating information.

If an operator's MVR is not electronically available, the policy experience period for the operator will begin as of the effective date of the policy until the insurer receives confirmation of the operator's actual merit rating information. The operator may obtain an official driving record or a record from a previous insurer and submit it to the new insurer. If the driving record is not in English, a translation certified as true and correct by the translator must be obtained by the operator and attached to the driving record submitted to the insurer. An acceptable driving record must have three or more years driving history, unless the operator has been licensed less than three years. If there are no motor vehicle violations or at-fault accidents shown on the operator's record, the insurer must submit a policy inquiry to the Merit Rating Board in compliance with its Administrative Procedures. An operator's record with motor vehicle violations or at-fault accidents must be submitted to the Merit Rating Board. The Merit Rating Board will determine the operator's merit rating information.

### Classification of Points By Driving Infraction

Points are assigned as follows:

Minor traffic law violation	2 points	Major traffic law violation	5 points
Minor at-fault accident	3 points	Major at-fault accident	4 points

An "at-fault" accident is one in which the insurer determines that the involved operator is more than 50% at fault.

For accidents occurring prior to July 1, 2015, a claim payment for Bodily Injury Liability, Damage to Someone Else's Property, Collision or Limited Collision of at least \$500 and up to \$2,000 constitutes a minor at-fault accident. A claim payment of more than \$2,000 constitutes a major at-fault accident.

For accidents occurring on or after to July 1, 2015, a claim payment for Bodily Injury Liability, Damage to Someone Else's Property, Collision or Limited Collision of more than \$1000 and up to \$5,000 constitutes a minor at-fault accident. A claim payment of more than \$5,000 constitutes a major at-fault accident.

An operator's total number of points is based on the number of years since the last at fault accident or traffic violation. If the most recent at fault accident or traffic violation occurred less than three years prior to the policy effective date, the total number of points is equal to the sum of the above point values for each driving infraction in the policy experience period. If the most recent at fault accident or traffic violation occurred more than three years prior to the policy effective date, and the number of driving infractions during the policy experience period is three or less, the total number of points is equal to the sum of the above point values for each driving infraction minus the number of driving infractions in the policy experience period. In no event shall the points for any at fault accident or traffic violation be reduced below zero.

Points are not assigned to a non-criminal minor motor vehicle traffic law violation if it is the first such violation.

### Calculation of the Merit Rate Adjustment

The merit rate adjustment is applied to Bodily Injury (Parts 1 and 5), PIP (Part 2), Property Damage (Part 4) and Collision (Part 7).

The merit rate adjustment is the last step in the rating process after all discounts and rating factors have been applied to the rate.

**Merit Rating Plan**

Calculation of Merit Rate Adjustments  
Percentages to Apply to Otherwise Applicable Premiums \*

<u>Merit Rating Code</u>	<u>Experienced Operators</u> (Rate Class 10, 15 or 30)		<u>Inexperienced Operators</u> (All Other Rate Classes)	
	<u>Parts 1, 2, 4 and 5</u>	<u>Part 7</u>	<u>Parts 1, 2, 4 and 5</u>	<u>Part 7</u>
	<u>Factors</u>			
99	-0.170	-0.170	NA	NA
98	-0.070	-0.070	-0.070	-0.070
0	0.000	0.000	0.000	0.000
<u>Surcharge Factors</u>				
1	+0.150	+0.150	+0.075	+0.075
2	0.300	0.300	0.150	0.150
3	0.450	0.450	0.225	0.225
4	0.600	0.600	0.300	0.300
5	0.750	0.750	0.375	0.375
6	0.900	0.900	0.450	0.450
7	1.050	1.050	0.525	0.525
8	1.200	1.200	0.600	0.600
9	1.350	1.350	0.675	0.675
10	1.500	1.500	0.750	0.750
11	1.650	1.650	0.825	0.825
12	1.800	1.800	0.900	0.900
13	1.950	1.950	0.975	0.975
14	2.100	2.100	1.050	1.050
15	2.250	2.250	1.125	1.125
16	2.400	2.400	1.200	1.200
17	2.550	2.550	1.275	1.275
18	2.700	2.700	1.350	1.350
19	2.850	2.850	1.425	1.425
20	3.000	3.000	1.500	1.500
21	3.150	3.150	1.575	1.575
22	3.300	3.300	1.650	1.650
23	3.450	3.450	1.725	1.725
24	3.600	3.600	1.800	1.800
25	3.750	3.750	1.875	1.875
26	3.900	3.900	1.950	1.950
27	4.050	4.050	2.025	2.025
28	4.200	4.200	2.100	2.100
29	4.350	4.350	2.175	2.175
30	4.500	4.500	2.250	2.250
31	4.650	4.650	2.325	2.325
32	4.800	4.800	2.400	2.400
33	4.950	4.950	2.475	2.475

# MASSACHUSETTS PRIVATE PASSENGER RESIDUAL MARKET AUTOMOBILE INSURANCE MANUAL

34	5.100	5.100	2.550	2.550
35	5.250	5.250	2.625	2.625
36	5.400	5.400	2.700	2.700
37	5.550	5.550	2.775	2.775
38	5.700	5.700	2.850	2.850
39	5.850	5.850	2.925	2.925
40	6.000	6.000	3.000	3.000
41	6.150	6.150	3.075	3.075
42	6.300	6.300	3.150	3.150
43	6.450	6.450	3.225	3.225
44	6.600	6.600	3.300	3.300
45	6.750	6.750	3.375	3.375

\* Total merit rate adjustment is determined by multiplying the above percentages (for the appropriate points) to premiums by coverage (after all other applicable discounts and rating factors), rounding to the nearest whole dollar amount, and then summing the results for all coverages.

**RULE 57. RESERVED FOR FUTURE USE**

**RULE 58. REGISTRY OF MOTOR VEHICLES PROCEDURES**

The following is a general summary of Registry of Motor Vehicles procedures. For specific details about procedures, contact the Registry.

**Registration Requirements**

Registration is required for all vehicles and trailers. A complete Registration and Title Application (RTA) must be submitted, along with the previous owner's title or certificate of origin, or a bill of sale for a vehicle that has not been titled previously.

Six to eight weeks prior to the expiration date of registration, the Registry will mail an Application for Renewal card, which will identify current registration information for the vehicle and the owner of the vehicle. The owner of the vehicle is able to make certain changes on the application.

Use a RTA to make a change to information on a current registration that is not able to be made on the Application for Renewal card. The RTA may also be used to renew a current registration if a renewal card has not been received, change an existing license plate to another type of plate, such as a vanity plate, and re-register a vehicle for the same owner, if a new title is not required.

**Registration Transfer**

Valid plates from a previously-owned vehicle may be transferred to a newly acquired vehicle provided the owner is at least eighteen years old and has lost possession of the vehicle through either a transfer of ownership or sale of the vehicle.

An owner has seven (7) calendar days to operate a newly acquired vehicle with current plates before the transfer is processed at the Registry, and the intent of the owner is to transfer the registration from the previous vehicle to a newly acquired vehicle of the same type.

Restrictions on a registration transfer are: the owner must be the same on both vehicles, the transferred registration must be active, and the new vehicle must have the same type of plate.

**Salvage Title**

All vehicles for which an insurance company has made a total loss payment must be titled as a salvage vehicle except for vehicles 10 years or older. A vehicle which has a Salvage Title may not be provided with physical damage insurance until a new Certificate of Title is issued by the Registry. The Reconstructed or Recovered Theft Title will be awarded after the vehicle has passed a salvage inspection. The vehicle must be either towed to the salvage inspection site or a repair plate must be attached.